

U.S. COAST GUARD REAUTHORIZATION

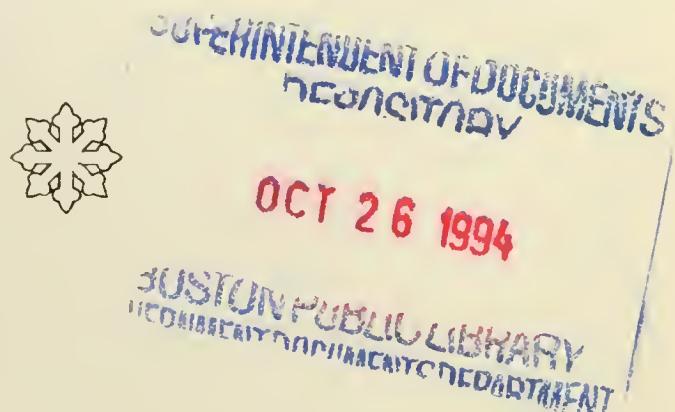
Y 4. C 73/7: S. HRG. 103-699

U.S. Coast Guard Reauthorization, S...

HEARING BEFORE THE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE ONE HUNDRED THIRD CONGRESS SECOND SESSION

MAY 3, 1994

Printed for the use of the Committee on Commerce, Science, and Transportation



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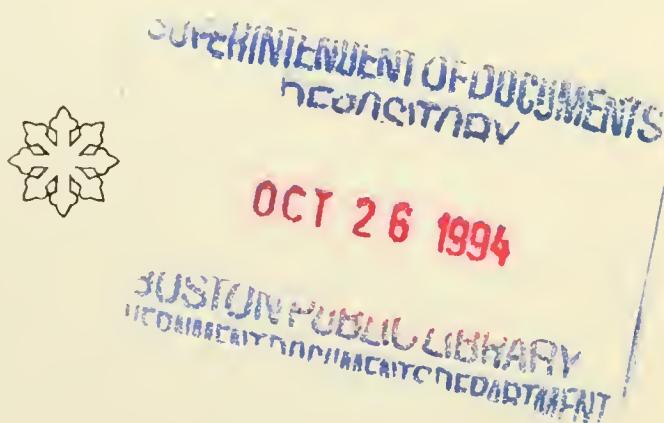
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(III)

U.S. COAST GUARD REAUTHORIZATION

TUESDAY, MAY 3, 1994

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The committee met, pursuant to notice, at 10:35 a.m. in room SR-253, Russell Senate Office Building, Hon. Ernest F. Hollings (chairman of the committee) presiding.

Staff members assigned to this hearing: Penelope D. Dalton, senior professional staff member, and Lila H. Helms, professional staff member; and John A. Moran, minority staff counsel.

OPENING STATEMENT OF SENATOR HOLLINGS

THE CHAIRMAN. The committee will now turn our attention to the programs and funding needs of the U.S. Coast Guard in fiscal year 1995.

The Coast Guard budget proposes some hard choices for the upcoming year. President Clinton has requested \$3.8 billion, an increase of \$133 million or less than 4 percent over fiscal year 1994.

Most of this increase is used to fund growing acquisition costs for major projects including coastal and seagoing buoy tender replacements, procurement of the new motor lifeboats and small patrol boats, continued development of vessel traffic surface systems for high-risk ports, and icebreaker-related costs.

In addition, over \$80 million is needed to fund built-in changes such as pay increases, cost-of-living allowances, and retired pay increases. These mandatory increases are offset by reductions in Coast Guard operating expenses requiring closure of 14 stations or detachments, the reduction of 11 ships in the cutter fleet, laying up 9 HU-25 Falcon Jet aircraft. In addition, the budget proposes to terminate State boating safety grants, transfer of financing for alteration of bridges from the Coast Guard to the Federal Highway Administration, and to reduce the Coast Guard Reserve Force by 1,000 billets.

I know that these were difficult decisions to make, and I am interested in discussing how they will affect the Coast Guard's ability to carry out its many missions.

Those missions have grown both in number and in complexity in recent years, a fact that is illustrated by the Coast Guard's own statistics. On any average day in 1993, the Coast Guard saved 15 lives, assisted 330 people, responded to 34 oil or hazardous chemical spills, inspected 64 commercial vessels, seized 318 pounds of marijuana and 253 pounds of cocaine with a street value of \$7.7 million, serviced 150 aids to navigation, interdicted 112 illegal

alien, and that is an impressive record but it is one that the Coast Guard may not be able to maintain unless it continues to receive adequate funding and support.

This hearing also marks Admiral Kime's final appearance before the committee as Commandant. Admiral Kime, I want to offer my personal thanks for the outstanding work that you have done at the helm of the Coast Guard. It is hard to believe that it has been 4 years since you took the Commandant's seat, but during your tenure you have provided strong leadership as the Coast Guard's missions have continued to evolve in response to national needs.

In particular I recognize your success in strengthening the Coast Guard's focus on marine environmental protection, and in implementing the Oil Pollution Act of 1990. In my short time in the Senate I have worked with about 10 Commandants, and none has been of more outstanding character, service, and dedication than yourself, Admiral Kime.

I know that Senators Stevens, Inouye, and Mathews would also like to comment. Senator Stevens.

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. I want to join the chairman in his remarks about Admiral Kime. I regret that these watches of yours are so short. The time has gone by very quickly, Admiral, and I think you have left very large footprints for your successor. I will have some questions, Mr. Chairman, when it comes time to review the budget.

Admiral Kime, I want to particularly thank you for your personal involvement in reaching the agreements that we now have the central Bering Sea and the other agreements that protect our fisheries, and for your dramatic action with regard to those four driftnet vessels that were seized under the U.N. ban last year.

All of those actions are to your great credit. Thank you very much.

The CHAIRMAN. Thank you. Senator Inouye.

OPENING STATEMENT OF SENATOR INOUYE

Senator INOUYE. Mr. Chairman, on behalf of the people of Hawaii, I wish to thank the Admiral for the service he has rendered us. There are hundreds of families in Hawaii who give daily prayers of thanksgiving to the Coast Guard for having rescued their loved ones. Our shipping industry and our fishing industry are most grateful to all of you. I concur with Senator Stevens, your shoes are huge and I just hope that Admiral Kramek will be able to fill them.

We will do our best to assist him in his mission. But as I indicated to our new Commandant-designate, your agency is one of the least understood and least appreciated of all the agencies in the Federal Government. And I do not think that you should be part of the military drawdown because your mission is expanding. It is not diminishing at all.

The drug problem grows and grows with each day. There are more fishermen on the high seas with each day. There are more pleasure cruises, Americans in lakes and in rivers and in the ocean.

And so I can assure you that we who have some say in appropriation will do our best to make certain that you get what you want. And if you think that you are being shortchanged, I hope you will feel free to tell us.

Thank you.

The CHAIRMAN. Senator Mathews.

OPENING STATEMENT OF SENATOR MATHEWS

Senator MATHEWS. Very shortly, Admiral, I would like to join my colleagues in expressing the thanks of the people of this Nation and in particular from Tennessee for your period of outstanding service.

As I indicated earlier, I think you were in the room when I made my statement about the boating safety program. This is the one in which I have a particular interest in as much as our coastline is internal rather than external, and I am going to file some material for the record, and I hope that you will have the appropriate person respond to this.

I just want to wish you well in whatever the next assignment is. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Admiral Kime, we welcome you and we are delighted to hear from you at this time.

STATEMENT OF ADM. J. WILLIAM KIME, COMMANDANT, U.S. COAST GUARD; ACCOMPANIED BY CAPT. THOMAS COLLINS, CHIEF OF PROGRAMS DIVISION, AND CAPT. TERRY CROSS, CHIEF OF BUDGET DIVISION, U.S. COAST GUARD

Admiral KIME. Thank you, Mr. Chairman. First let me say thank you very much for the very kind words you had about the U.S. Coast Guard. We have some very outstanding men and women, some young and some not so young, out there on a day-to-day basis doing a tremendous job for the people of this country.

I appreciate on their behalf your very kind words to me. Let me say that the support of this committee over the years has been tremendous, and with the demands being placed on us to do more and more in different areas, and at the same time budget constraints, we could not have done the job that we have done without the very, very strong support of this committee and also this committee's staff.

And, personally, those of you who have spoken this morning have made a tremendous impact in providing the Coast Guard with the necessary guidance, authority, and funds to do the job that we are called upon to do on a day-to-day basis. Your words this morning are very reassuring and I appreciate them very, very much.

I think that you will find that Admiral Kramek will do an outstanding job as the next Commandant of the Coast Guard. I think we have chosen him very wisely to be the next Commandant. I think he has chosen an outstanding team, and you met Admiral Henn this morning and the others that he is surrounding himself with who I think will do an outstanding job in the future.

But personally, I would like to thank you, Mr. Chairman, you, Senator Stevens, and although Senator Inouye is now gone, him also for the very strong personal support that you have given.

It does not seem like 4 years ago. It is 1 week short, because I remember the day very well, of 4 years that I sat before this com-

mittee for my confirmation hearing. I remember it well because my wife was back on the west coast packing up the house with me gone, and assuming it was a plot, Mr. Chairman, between you and me to get me out of that duty.

It has gone very, very quickly and I have enjoyed it very much.

Mr. Chairman, I know there are a great many issues that you would like to cover today, and I would ask that my statement be included in its entirety for the record, and that I be allowed to make a short introductory statement.

The CHAIRMAN. It will be included.

Admiral KIME. Well, Mr. Chairman, I am pleased to appear before this distinguished committee today, my last appearance probably before the Congress of the United States as Commandant, to discuss our fiscal year 1995 budget and its impact on the current and future state of our service.

With me on my right is Capt. Tom Collins, chief of our programs division, and on my left, Capt. Terry Cross who is chief of the budget division.

As you know, the President has initiated some significant changes to address the Nation's need, and I strongly support these initiatives and am here today to explain how the Coast Guard's fiscal year 1995 budget request furthers these initiatives.

Our fiscal year 1995 budget clearly supports the administration's goals of deficit reduction and investment, and it includes streamlining initiatives which, when fully annualized, total over \$100 million, and it provides for essential Coast Guard infrastructure investment.

Many of the streamlining initiatives proposed make good budget sense, and I would recommend them regardless of the budget constraints. However, developing this budget was not easy. We had to make some very difficult choices.

As an example, our request proposes that we—and you indicated much of this in your opening statement—reduce the Coast Guard workforce by 1,013 military and 113 civilian employees, and that is about 2.5 percent of our workforce, decommission 11 of 195 multimission cutters, remove from active service 9 of 180 multimission aircraft, close approximately 14 of our 166 multimission boat stations, further reduce the size of the Reserves from 8,000 to 7,000, and eliminate the boating safety grants to the States.

I would prefer not having to propose some of these reductions, but these and other initiatives were needed to meet the Presidential and congressional deficit reduction goals and specific spending caps.

I am acutely aware of our responsibilities to the public, and we did not make any of these decisions quickly or lightly. We worked hard with DOT and OMB to carefully craft the budget that we have before you today. The reductions included in our requests were carefully selected to minimize the adverse impact on our ability to deliver services to the public.

Therefore, I am concerned that if we are precluded from taking the proposed reductions the resulting actions we would be required to take to meet the budget targets could adversely affect our ability to deliver essential services to the public.

I want to stress the importance of the Coast Guard being funded at the requested level. Mr. Chairman, as you know we have not been funded by the Congress at the level requested by either President Bush or President Clinton during any of my years as Commandant. Funding below the requested level or the addition of new initiatives by Congress in fiscal year 1995 will require even more reductions.

I ask that you view our fiscal year 1995 budget request as the first installment of a multiyear plan to accomplish our streamlining goals in a way that allows us to continue to deliver essential services and, very importantly, to be fair to Coast Guard people.

We are a people intensive operating agency, and streamlining means fewer people. Therefore, to continue to accomplish our missions we must have people with the right skills in the right jobs operating modern, efficient equipment. This budget seeks funds and legislation to help us do that.

In this context, we are asking for personnel management tools including transition benefits that will allow us to streamline our workforce fairly in selected specialties to match our operational streamlining initiatives. Attrition or across-the-board reductions in force, or RIF's, do not allow the needed flexibility.

Therefore, securing these personnel management tools for the Coast Guard similar to those DOD already has is one of my highest priorities.

Equally important is an adequate capital investment portfolio. In each of my last three appearances before this committee I stressed the need to adequately fund the Coast Guard's acquisition, construction, and improvements appropriation, or AC&I, and I am going to do that again today.

I was very pleased that the Senate budget resolution, Mr. Chairman, with your strong support, agreed with the administration's request for funding of the Coast Guard's AC&I appropriation. Given the reality of flat budgets and a shrinking workforce, increased investment in technology and the tools we use to do our jobs is absolutely necessary.

Let me give you just one example. Our new seagoing and coastal buoy tenders will replace inefficient, 50-year-old ships with ships that have state-of-the-market technology. This will permit us to replace the combined fleet of 37 ships with only 30, while employing fewer people per ship.

Deployment of these new buoy tenders will save about \$25 million annually. We will need fewer people and fewer dollars to deliver improved services. This is what streamlining is all about and, Mr. Chairman, I feel it makes good business sense.

About 3 years ago I testified before this committee on the Coast Guard's fiscal year 1992 budget request, and that was my first opportunity to do so as Commandant. I outlined three basic themes for the Coast Guard—adequate support for our people, balance among our many missions, and the constant pursuit of excellence through continuous improvement.

And as I appear before you today to present my last budget request, I am pleased to report that with your help we have succeeded in each of these three areas.

Our people programs, which I refer to jointly as work-life, have been extremely successful. First-term retention rates are at an all time high I believe in large part because of our demonstrated concern for our people and their families.

Coast Guard operations are now strategically balanced, and this has allowed us to enhance our multimission nature and give the taxpayers the very best possible return on every dollar invested.

We have built on the Coast Guard's well-deserved reputation for excellence and have institutionalized principles of total quality management that will facilitate continuous improvement in everything the Coast Guard does.

I am also proud to report that today's Coast Guard better reflects the diverse society we serve, and we will continue to improve in this area.

Also, we have made significant progress in another area. Our fiscal year 1995 operating expenses appropriations request includes a new detail sheet that apportions our operating expense appropriation into five different program, project, and activity categories, or PPA's.

We developed this information as requested by the Congress with the mutual understanding that it will be used only for presentation purposes this year because we need to formulate and implement new reprogramming guidelines, develop and implement new management controls, and modify elements of our accounting system before we can actively manage by PPA's.

I am extremely proud of the accomplishments of the Coast Guard over the past 4 years. Regarding our future, I am most concerned about the state of our capital plant and our growing inability to recapitalize our assets at adequate levels.

As I noted earlier, to deliver essential services to the public tomorrow demands adequate capital investment today. Since 1990, our enacted AC&I levels have decreased each year well below the required annual levels of \$500 to \$600 million. This shortfall has created a growing backlog of maintenance and replacement needs in our capital plant.

Unless we address this backlog soon, we will not be able to sustain the capital assets needed to deliver vital services to our customers. I am equally concerned about our overall operating funding levels. As I said, we can continue essential services if our fiscal year 1995 request is approved.

However, as downward budgetary pressures continue in fiscal year 1996 and beyond, I ask that you try and hold the line against further operating cuts that would inevitably result in reduced services the public has come to depend upon and expect from the Coast Guard.

Mr. Chairman, in closing I would like to thank you and the other members of this very distinguished committee for the support and guidance given me over the past few years. I ask for your help in passing the Coast Guard's fiscal 1995 budget as a package, and continuing to compensate Coast Guard personnel in parity with DOD personnel.

As I prepare to turn over the helm to my very able successor, Adm. Bob Kramek, I share your deep concern in keeping the Coast Guard semper paratus.

Thank you Mr. Chairman. I would be pleased to answer any questions.

[The prepared statement of Admiral Kime follows:]

PREPARED STATEMENT OF ADM. J. WILLIAM KIME

Good morning, Mr. Chairman. It is a pleasure to appear before this distinguished Committee today to discuss the Coast Guard's fiscal year 1995 budget and its impact on the current and future state of the Service.

As you know, the President has initiated significant changes to address the Nation's needs. Both President Clinton and Secretary Peña have set aggressive agendas to "streamline" government, to reduce the Federal deficit, and to invest in transportation infrastructure to "Tie America Together." I strongly support these initiatives, and I am here today to explain how the Coast Guard's FY 1995 budget request furthers these goals.

I am very pleased with this budget. It is a responsible budget, given the very real problems facing the Nation. We worked hard to ensure that it is consistent with the Administration's priorities, and also with suggestions and direction provided by the Congress. Most importantly, it provides the resources we need to continue to deliver essential services to the public.

Our FY95 budget clearly supports the Administration's goals related to deficit reduction and investment—it includes reductions, which when fully annualized, total over \$100 million; and it provides for essential Coast Guard infrastructure investment. Many of the streamlining initiatives proposed make good business sense regardless of budget constraints.

However, developing this budget was not easy. We had to make some very difficult choices. For example, our request proposes several "streamlining" Initiatives that would * * *

- Reduce the Coast Guard work force by 1,013 military and 113 civilian positions, about 2.5 percent of our work force.

- Decommission 11 of 195 multi-mission cutters.
- Remove from active service 9 of 180 multi-mission aircraft.
- Close 14 of 166 multi-mission boat stations/detachments.
- Further reduce the ready reserve force from 8,000 to 7,000.
- Eliminate Boating Safety grants to states.

However, these and other initiatives included in our budget were needed to meet Presidential and Congressional deficit reduction goals and specific spending caps.

I am acutely aware of our responsibilities to the public and did not make these decisions quickly or lightly. Early last summer, in response to direction from the Secretary, we took a comprehensive look at our organization. Consistent with the National Performance Review, we examined every Coast Guard program for opportunities to streamline or gain management efficiencies, while ensuring that we preserved the Coast Guard's core capabilities, characteristics, and attributes, which are essential to our ability to accomplish our core missions and provide essential services to the public.

During the development of our fiscal year 1995 resource adjustments, we employed specific criteria to ensure that we made the best budget decisions possible. Specifically, our reduction efforts sought to:

- Reduce overhead and administrative costs.
- Minimize organizational and management layers.
- Examine opportunities to exploit existing and emerging technologies that could improve mission efficiency and productivity.

- Reduce or eliminate older, maintenance intensive, and relatively low productivity assets, while preserving and replacing, where necessary, the infrastructure we need to do our jobs more efficiently.

Then, working very closely with the Department and the Office of Management and Budget, we carefully crafted a budget that meets FY95 spending targets, positions us to meet outyear spending targets, and provides the resources we need to continue to deliver essential services to the public.

Perhaps the most important feature of our FY95 budget is that it represents the first phase of a multi-year "streamlining" effort. We are a people intensive operating agency that delivers services directly to the public—about two-thirds of our budget goes to pay and provide for people. A no-growth budget environment necessarily requires that we find ways to deliver services using fewer people. It takes time to identify potential efficiencies, implement those that prove productive, and reduce the workforce. Therefore, it is important that our "streamlining" effort be a phased, multi-year effort that allows us to realize efficiencies over time, much like the De-

partment of Defense (DOD) is doing. However, it is even more important for the Coast Guard because our missions are increasing, unlike DOD. Our budget request must be considered as the first installment in a multi-year plan to accomplish our "streamlining" goals without disrupting essential services to the public and being unfair to our people. In short, to gain the efficiencies we need to accomplish our missions with fewer people, we must have people with the right skills in the right jobs operating modern, efficient equipment. This budget seeks funds and legislation to help us do that. In this context, we are asking for personnel management "tools," including transition benefits, that will allow us to streamline our workforce fairly in selected specialties to match our operational streamlining initiatives. Attrition or across the board Reductions in Force (RIF) do not allow the needed flexibility; therefore, personnel management tools for the Coast Guard, similar to those in DOD's personnel management "toolbox," are one of my highest priorities.

Equally important to personnel management tools is an adequate Investment portfolio. Secretary Peña has said that the Department's budget is about infrastructure investment—that includes the Coast Guard. In each of my last three appearances before this committee, I stressed the need to adequately fund the Coasts Guard's Acquisition, Construction, and Improvements (AC&I) Appropriation—the funds we use to buy new ships, aircraft, information systems and construct buildings. I am going to do it again. Given the reality of flat budgets and a shrinking work force, increased investment in state-of-the-market technology and the tools we use to do our jobs is absolutely necessary if we are to continue to deliver essential services to the public. Let me give one example Our new Seagoing and Coastal buoy tenders will replace inefficient, 50 year old ships with ships that have state-of-the-market technology. This will permit us to replace the combined fleet of 37 ships with not more than 30, and the new ships will have smaller crews. Deployment of these new buoy tenders will save about \$25 million annually—we will need fewer people and fewer dollars to deliver improved services—this is what "streamlining" is all about—it makes good business sense.

This year's \$439 million AC&I request is a significant increase over last year's appropriation, but this is very misleading as last year's \$327.5 million appropriation was the lowest in recent memory. For comparison, I note that our AC&I appropriation totaled \$444 million as recently as FY90. I ask for your support in turning the downward sloping AC&I trend around—the vitality of the Coast Guard over the next 15 years depends on it.

Our FY95 request for our Operating Expenses (OE) Appropriation reflects rigorous "streamlining" initiatives. We are asking for a modest \$39 million (1.5 percent) increase in this appropriation; however, this is misleading as enhancements total only \$2.2 million, and most of these funds are for Hazardous Materials Management training needed to improve Coast Guard compliance with environmental waste regulations. Two of the remaining four line items are actually investments that will result in recurring savings. One, the Far East Activities Initiative, produces savings next year, and the other actually provides a net savings in operating expenses this year. This initiative will replace two 50 year old Medium Endurance Cutters with two newer, Stalwart Class ships we obtained essentially free from the Navy (there is a one time \$6 million AC&I conversion cost). These ships are more efficient and can be operated with smaller crews.

Virtually all of the requested net increase is needed to accommodate \$70 million of non-discretionary increases, such as pay raises and cost of living adjustments, plus \$9.4 million to operate new equipment and maintain new buildings put into service last year. To offset these costs we have identified \$42 million in reductions, which as noted earlier will total over \$100 million when fully annualized. The need to phase these reduction initiatives over time, like DOD, is why the full savings won't be realized in FY95.

Consistent with fiscal year 1994 Congressional direction, we have requested no funding for highway bridges in fiscal year 1995 for the ALTERATION OF BRIDGES Appropriation. As you know, this appropriation was established to provide federal funds to pay a share of the cost to alter or remove bridges determined to be unreasonably obstructive to navigation on the navigable waters of the United States. The Coast Guard will continue to exercise all regulatory, permitting, and bridge alteration responsibilities on domestic waterways to ensure safe navigation. However, our fiscal year 1995 request proposes changing the funding mechanism for the Federal share for highway bridges only. Funds for alterations to highway bridges will now be derived from the Discretionary Bridge Program of the Federal Highway Administration. Railroad bridges will continue to be funded through this appropriation, as needed. I've requested no funds for this Appropriation for FY95 as there are no railroad projects that need FY95 funds.

For fiscal year 1995, we are proposing a change in the BOAT SAFETY Appropriation. This appropriation was established to provide financial assistance for states' recreational boating safety programs in order to encourage greater state participation and uniformity in boating safety efforts. Our request proposes to eliminate discretionary Federal funding for state boating safety grant programs. However, all Coast Guard Boat Safety program activities will continue at current service levels except the recreational boat factory inspections. Funds which have, in the past, been deposited in the discretionary Boat Safety Account will rollover to the mandatory Sport Fish Restoration Account and be allocated to the states under the rules that govern it. I believe that this proposal will have minimal impact on boating safety. The purpose for which the Boating Safety Account was established has been essentially achieved and can now be carried on almost totally by the states. Federal funding levels can be reduced without negative impact on recreational boating safety. Boating fatalities per 100,000 boats have been reduced from 20.2 in 1971 to 4.0 in 1992. In addition, the states now collectively spend over four times the amount of funding provided by the Federal Government, and states will continue to receive some mandatory Federal funds (\$7.5 million in fiscal year 1995, \$10.0 million in fiscal years 1996 and 1997, and \$20.0 million in fiscal year 1998). The Coast Guard Auxiliary will continue to conduct courtesy inspections of recreational boats and offer boating safety courses. And of course, the Coast Guard's network of coastal multi-mission stations, aircraft, and cutters stand always ready to assist the recreational boater in time of need.

Our fiscal year 1995 request for the COAST GUARD RESERVE—an essential element of our ability to respond to national emergencies—includes funds for a Selected Reserve size of 7,000. This is a reduction from our fiscal year 1994 level of 8,000. In November of 1993, I forwarded to you a copy of a Selected Reserve sizing study we conducted. That study concluded that a Selected Reserve size of 8,000 was required to respond to multiple, concurrent defense and non-defense related contingencies. Reducing the Selected Reserve to 7,000 will reduce our capacity to respond to multiple, concurrent contingencies. However, essential support for mobilization requirements in strategic outload ports and direct defense support requirements would be maintained at a level consistent with DOD planning and mobilization requirements. Included in this request is \$3.7 million for Reserve Transition Benefits.

I also said that this budget is about providing essential services to the public—it is. Amidst all the changes, the Coast Guard remains focused on its four fundamental mission areas: Maritime Safety, which includes Waterways Management; Marine Environmental Protection (MEP); Maritime Law Enforcement (MLE); and National Security. To effectively carry out our missions, we operate and maintain multi-mission aircraft, vessels, and shore facilities. It is the multi-mission capabilities of our assets and people that make the Coast Guard cost effective and responsive to the Nation's needs. I would like to highlight some of our recent accomplishments in our four primary operating mission areas and discuss where I see the Coast Guard headed in each of these four areas in fiscal year 1995.

Our MARITIME SAFETY mission is part of our rich humanitarian heritage, and has helped us build our reputation as the world's expert in maritime Search and Rescue (SAR). However, it has been our efforts in Aids to Navigation (ATON), Commercial Vessel Safety, Icebreaking, Vessel Traffic Services, and deployment of a Differential Global Positioning System that have served to facilitate the efficient flow of commerce and save lives by preventing marine accidents and increasing the efficiency of waterway and port operations.

The development and maintenance of a safe and efficient maritime transportation infrastructure is essential to the Nation's economy, and will be a key to our ability to successfully compete in the expanding global economy. For example, approximately 38 percent of the value of all U.S. exports were transported on ships in 1992. Coast Guard maintained systems—aids to navigation, ice-breaking, and vessel traffic control systems—help ensure safe and expeditious movement of vessels within the transportation network.

The Coast Guard has long been assigned a vital role in developing and maintaining the Nation's maritime infrastructure. In 1993, the Coast Guard continued to emphasize accident prevention and facilitate the efficient flow of commerce by maintaining the world's finest Aids to Navigation system, expanding Vessel Traffic Services, breaking ice that blocked commerce on vital waterways, and conducting aggressive safety inspections of recreational and commercial vessels.

We are proud of our success in helping prevent maritime accidents, but we remain ready to respond whenever and wherever disaster strikes. We continue to save lives and property at sea and on our large lakes and rivers—every day. In FY 1993, Coast Guard crews conducted over 69,000 search and rescue cases, saved more than 5,300 lives, assisted 117,000 other individuals, and saved property valued at over \$900

million. Arguably, the Search and Rescue program alone provided more benefit to the Nation than the cost of all Coast Guard services combined.

Continuing our tradition of responding to national maritime disasters, the Coast Guard played a key role in Midwest Flood relief efforts. Over 1,000 Coast Guard active duty and reserve men and women, including over 200 Coast Guard Auxiliarists, helped minimize the impact of the floods. Despite severe damage to operating facilities at Base St. Louis, MO and Group Upper Mississippi River, 26 Coast Guard units conducted 3,000 waterborne sorties and Coast Guard aircraft flew over 500 sorties. These combined efforts rescued or assisted more than 2,900 people.

MARINE ENVIRONMENTAL PROTECTION continues to be a highly visible mission because of national concerns about all forms of pollution. We have continued aggressive implementation of the Oil Pollution Act of 1990 (OPA 90) to prevent, prepare for, and respond to oil pollution incidents. Prepositioned oil spill cleanup equipment delivery continues with equipment already in place at 12 of 19 sites. We have received nearly 1,700 response plans covering 6,000 vessels. All of these plans have undergone preliminary review, and we have given qualifying vessels interim authorization to operate pending detailed reviews of their plans, which we hope to complete by the end of the year.

Area Contingency Plans detailing Federal, state, and local government response concerns and capabilities have been completed for all coastal areas. The Coast Guard orchestrated the development of the National Preparedness for Response Exercise Program (PRLP) In concert with other federal agencies, the states, Industry and concerned citizens, to allow for ongoing testing of these response plans. Also, recognizing that even the best locally based plans may be overwhelmed by a timely catastrophic spill, we developed the multi-agency National incident Task Force, to bring all national resources to bear in support of the local efforts.

The recent grounding of an oil barge that spilled 750,000 gallons of heavy fuel oil onto Puerto Rico's beaches is a reminder of the continuing threat of environmental damage from marine transportation. Damage was MINIMIZED by advance planning, availability of prepositioned clean-up equipment, and interagency cooperation. OPA 90's emphasis on preparedness paid off. Another accident off the coast of Puerto Rico demonstrated the progress we have made in PREVENTING spills. In December 1993, a barge carrying 600,000 gallons of corn and soy oil went aground on the north shore of Puerto Rico. Fortunately, the barge had double hull construction and only one of the six barge compartments was breached. Almost all of the oil that leaked from the damaged compartment was contained within the double hull. The barge owner's pre-identified cleanup contractors promptly responded and helped to minimize the threat of environmental damage. Five days after the grounding, the barge was refloated with an estimated loss of only 10 gallons of oil. These incidents clearly illustrate the success of OPA 90 provisions.

We have also heightened our enforcement of MARPOL provisions. For example, last April, Princess Cruise Lines was fined \$500,000 for dumping plastic trash in the Caribbean Sea.

We have worked hard to improve our relationships with both industry and the environmental community. Last year, I published and implemented the Coast Guard Environmental Policy Statement, which emphasizes partnerships with Federal, state and local agencies, as well as environmental interest groups and private industry to ensure long-term environmental quality. In keeping with the focus of this statement, last year I hosted the first summit between the Coast Guard and leaders of national and international environmental organizations. This summit greatly improved communications between the Coast Guard and members of the environmental community and will help us leverage each others' skills to accomplish environmental goals. Internationally, we continue to lead the establishment of a worldwide response network through the International Maritime Organization (IMO) and the International Convention on Oil Pollution Preparedness, Response and Cooperation.

Coast Guard MARITIME LAW ENFORCEMENT has been an integral part of our service since 1790 and will remain an important mission in the future. Consistent with the President's new drug control strategy and Congressional direction in our fiscal year 1994 appropriation, the reduction in narrow, single-mission Coast Guard resources committed solely to drug interdiction efforts, which actually began several years ago, will continue in fiscal year 1995.

As you know, we recently decommissioned four cutters, layed up five aircraft, and implemented other staff reductions in response to a fiscal year 1994 Congressional directive to reduce drug law enforcement operations and a \$9 million reduction in our Operating Expenses Appropriation. Actions planned in conjunction with our fiscal year 1995 budget request eliminate nearly all remaining Coast Guard single-

mission dedicated drug law enforcement assets, primarily air interdiction assets. This is not to say that we will not continue to aggressively conduct drug interdiction activities with remaining multi-mission assets—we will. My recent appointment as the U.S. Interdiction Coordinator serves to underscore our continuing commitment to this mission.

We continue to dedicate significant resources to OPERATIONS ABLE MANNER and SUPPORT DEMOCRACY—the Haitian Migrant Interdiction Operation and the United Nations embargo against Haiti. Our continuous presence off the Haitian Coast resulted in the safe interdiction of over 4,200 Haitians. Also this past year, we interdicted over 2,500 illegal migrants from the Peoples Republic of China and 2,800 Cuban refugees. Unfortunately, this demonstrates that conditions In other parts of the world have the potential to foster future mass migrations. I anticipate that the illegal migrant Interdiction mission will continue to require substantial Coast Guard assets.

The enforcement of laws governing fisheries remains an integral part of our law enforcement program. Our efforts in this area are another investment in our Nation's future. Coast Guard fisheries enforcement operations are designed to protect U.S. stocks from foreign poaching and to promote compliance with domestic fishing regulations. Strong enforcement of fisheries regulations is crucial to ensuring the continued viability of the fishing industry, both commercial and recreational. This is important, as the fishing industry contributes over \$50 billion each year to our economy. More importantly, the Department of Commerce estimates the recovery of overfished stocks will produce an additional \$2.9 billion in revenue to U.S. fishermen with a total impact on the Gross Domestic Product of up to \$25 billion, and create over 200,000 new jobs in the seafood and related industries.

I chartered the Fisheries Enforcement Study in 1992 to improve our effectiveness in fisheries enforcement and our relations with the fishing industry. Last year, approved the Fisheries Study and an associated implementation plan. This plan includes: improving interagency cooperation and coordination, including improved intelligence gathering and sharing with other Federal and state agencies; establishing five regional fisheries law enforcement training centers and improving the training and expertise of our fisheries enforcement people; increasing participation on the regional fisheries management councils to improve the enforceability of fisheries regulations. The cornerstone of our implementation plan is our resolve to improve our relations with the fishing industry. The use of dockside boardings to check for routine safety items, better training of our enforcement personnel, and increased dialog through the councils will allow us to provide better services, make our present fisheries enforcement efforts more efficient, and minimize their impact on the operations of legitimate, hard-working fishermen.

The Coast Guard continues to play a significant NATIONAL SECURITY role. We have been involved in every major American conflict since 1790. During this past year, we established two new units—Coast Guard Squadrons 42 and 44, based in Portsmouth, Virginia. These squadrons consist of six officers each and deploy on U.S. Navy ships in the Red Sea to coordinate the Multi-National Maritime interception Operations to enforce United Nations sanctions against Iraq. Also, Coast Guard personnel have trained Romanian and Bulgarian officials to enforce sanctions against Serbia on the Danube River.

About three years ago, I testified before this Committee on the Coast Guard's fiscal year 1992 budget request—my first opportunity to do so as Commandant. I outlined three basic themes for the Coast Guard; adequate support for our PEOPLE, BALANCE among our many missions, and the constant pursuit of EXCELLENCE through continuous improvement. Regarding PEOPLE, I testified that I was concerned about my ability to recruit and retain qualified people, and that I needed to improve housing, health care, family services and general personnel support. I testified that BALANCE between our four traditional mission areas—maritime safety, environmental protection, law enforcement, and national security would continue to be a core element of our business plan. And finally, I testified that we would continuously seek EXCELLENCE in all we do.

As I appear before you today to present my last budget request, I am pleased to report that with your help we have succeeded in each of these areas. Our people programs, which I refer to collectively as "Work-Life," have been extremely successful. First term retention rates are at an all time high, I believe in large part because of our demonstrated concern for our people and their families. Coast Guard operations are now strategically BALANCED, and this has allowed us to enhance our multi-mission nature and give the taxpayers the very best possible return on every tax dollar invested. We have built on the Coast Guard's well deserved reputation for EXCELLENCE and have institutionalized principles of Total Quality Management that will facilitate continuous improvement in everything the Coast Guard

does. I am also proud to report that Coast Guard men and women now more reflect the diverse society, which we serve, and we will continue to improve in this area.

As I prepare to turn the helm over to Admiral Kramek, I am extremely proud of the accomplishments of the Coast Guard over the past four years. Regarding the Coast Guard's future, I am most concerned about the state of our capital plant, and our inability to recapitalize our assets at adequate levels. Our ability to deliver essential services to the public in the future is dependent on an adequate level of capital investment today. However, our enacted AC&I levels have not only been well below this level, but since 1990, they have decreased each year. In light of this, I hope you'll agree that our FY95 AC&I request for \$439 million is very reasonable in these difficult budgetary times. Equally important to my capital investment concerns are overall operating funding levels. As I said, we can continue essential services at the FY95 request level. However, as downward budgetary pressures continue in FY96 and beyond, I ask that you try and hold the line against further operating cuts that would clearly result in reduced services that the public has come to depend upon and expect from the Coast Guard. I ask that you work with the next Commandant, as you have with me, to ensure the Coast Guard remains capable to perform its many missions for years to come.

In closing, I would like to thank you and the other members of this distinguished Committee for the support and guidance they have given me over the past few years. Ask for your help by passing the Coast Guard's fiscal year 1995 budget as a package and continuing to compensate Coast Guard personnel in parity with DOD personnel. I share your deep concern in keeping the Coast Guard Semper Paratus.

I would be happy to answer any questions you may have.

The CHAIRMAN. Senator Stevens.

Senator STEVENS. Thank you very much, Mr. Chairman. I do have a couple of questions. First, let me commend you on the replacement of those buoy tenders. The chairman and I visited the one in Ketchikan last year. Clearly, all of them that operate off Alaska were built more than 50 years ago. I think that it is really a long-overdue. I understand you are going to be able to replace six of them with five vessels, which is a savings in and of itself. It is really a good move.

I am not going to go into the problems of your AC&I. I support that budget overwhelmingly. I note that you are going to consolidate the 14 vessel documentation offices into 1 central location. One of those is in Juneau. There is also a proposal to require the documentation of any fishing vessel that is longer than 32 feet, without regard to tonnage. If I understand the proposal, once documented, the commercial fishermen would have to have a licensed captain on board. Is that the proposal of the Coast Guard?

Admiral KIME. Senator, you are touching on two issues. Let me address the documentation issue, first. We do believe by consolidating the 14 offices to 1 location that we can provide even better service to the public, save about 22 positions, and several million dollars a year. The law has been changed recently, and also the regulations, that make it much less onerous to document a vessel.

Personal appearances are not required, and usually individuals do not appear themselves. Sometimes they are represented by a consulting firm, but even that is not necessary. We have reduced the number of documentation offices since the early 1970's from almost—well, numbered in the sixties down to the 14 we have. And we believe with the changes that we have instituted that this is good management sense. It makes good sense.

As far as licensing of operators of fishing vessels, back in 1988 legislation was passed by the Congress for us to submit a plan to them looking into the need to license fishermen for safety concerns. And we did that and several years ago we presented a plan and

draft legislation, and the Coast Guard authorization bill this time includes further draft legislation to license fishermen.

We think this is one of the primary remaining causes of the high rate of loss of vessels and most importantly fishermen. And we believe that such a program can be implemented with minimum adverse impact on the fishing industry.

You and I had a dialog on this last year, and I remember that very clearly. And at that time you gave me guidance on some areas to look into specifically; certainly, the phase-in, the impact that can make on existing fishermen, and we have done that and we have come forward with a proposal that I believe your staff has been briefed on and we certainly can provide additional information, including an 8-minute video we put forward, to show that we believe there would be minimal impact on existing fishermen as we phase in this program for the long term. And we certainly would again want to enter into any dialog that you or the staff would desire to make this as effective, and at the same time palatable, and not disruptive to an industry that we recognize is in some state of distress right now.

Senator STEVENS. Well, the portion that is going to be licensed and documented is what is under stress. The larger vessels that are already documented already have licensed skippers on board. They are not in any difficulty that I can see. But even with the 7-year phase-in suggested by your proposal, there is still a problem for the experienced fishermen.

I did not know you were going down to the size of 32 feet. That is just a very small vessel, as far as our area is concerned. I do hope that we can have some further conversation about this because it seems to me that at a time when your budget is under great strain that there will be a substantial cost involved in the licensing and increased documentation program.

Do you have a cost estimate for that program? Or is it supposed to bring in enough fees to offset it?

Admiral KIME. First of all, Senator, the reason we are doing this is to save lives. We are very, very much concerned about the continued high loss of life in the fishing vessel industry. Nearly 100 per year are lost. We saved over 511 in fiscal year 1993. We believe that the major remaining issue is adequately trained personnel because in many cases fishermen are good at catching fish and perhaps not quite as good at navigating the vessel.

Senator STEVENS. Well, that worries me. I know you can only call on your own experience. My son spent 3 weeks in Florida taking a course to get his papers, but that is a very high cost for the people to encounter. And as I understand it, this proposal will require everyone to have those licenses now.

Admiral KIME. Well, this would just be one operator per vessel, and we would be talking about a significant phase-in period. And this licensing would be done differently from the licensing mechanism that we have right now, Senator. People who passed an approved course would be granted a license by the Coast Guard.

Senator STEVENS. Well, how are you going to get that course to people along the coastline, the west coast of Alaska and out along the chain? There are no schools that I know of that offer the courses that have been accredited by the Coast Guard in Alaska.

Admiral KIME. We would have to develop the courses, work with the schools to implement them. Based on our analysis, Senator, we believe there is a market out there and that the cost would be about \$200 per student to obtain this.

Senator STEVENS. I look forward to working with you.

Admiral KIME. Yes, sir.

Senator STEVENS. I do not want to prolong it, but I know we had a conversation last year.

Admiral KIME. We will continue to work with you very, very closely, and I understand how important this is to you and to the people of Alaska.

Senator STEVENS. I believe our high schools and various technical schools throughout the country can provide the education for people coming into the fishery area, but I am not certain that you can reach back to people that have been out there 20 and 30 years and ask them to go back to school. It is just a very difficult thing to do.

Admiral KIME. Let us explore that with you in more detail.

Senator STEVENS. I note your Reserve strength is down to 7,000. It was 8,000 last year, it was 10,500 the year before. I understand the Reserve strength is really needed for the mobilization requirement. If we do have an emergency that requires the Coast Guard to become an agency of the Department of Defense in a wartime mobilization, without an active Reserve trained and at maximum strength you have no real capability to protect the coastline during an emergency wartime period.

Are you not below the lowest threshold you can contemplate? Why do we go down another thousand in Reserve strength?

Admiral KIME. It is purely a budget consideration, Senator. We completed a study and sent it up to the Congress last fall where we arrived at the need for a Selected Reserve of about 8,000 people, broken down into almost 1,000 to support DOD CINCS and their op plan, about 6,700 for the cutload ports, and about 350 with special skills. That would enable the Coast Guard to respond to natural emergencies of the kind that you are familiar with, the Valdez oilspill, hurricanes, earthquakes, fires, and floods, and at the same time do our part for two major regional contingencies that DOD has tasked us with.

The drawdown to 7,000 is merely a budget consideration. We have looked, in this very tight budget year, across an awful lot of programs, and have had to take a tuck in many areas where we do not want to. This is obviously one where we do not want to.

Senator STEVENS. What is your full mobilization requirement? I think we ought to know what is the bare minimum that is required for full mobilization.

Admiral KIME. Well, the plan we submitted back in November of last year, Senator, indicates 8,000 is the number.

Senator STEVENS. Well, I would say we ought to find some way to get you the money.

You have got an increase of \$1 million over last year, and yet you have got a decrease of 1,000 people. That is hard to understand.

Admiral KIME. One of the things we are able to do Senator, as I mentioned in my opening statement, that I wanted to give our people the same benefits that DOD does. And we have been able

to provide transition benefits to our Reservists who, as a result of the drawdown, have had to leave earlier than they would like to leave. So, by providing the benefits consistent with DOD we have had to ask for the extra funds.

It would require \$4 million above the President's budget, as submitted, to avoid cutting the Reserve from 8,000 to 7,000 selective Reserves.

Senator STEVENS. Last, Mr. Chairman, I have taken more time than I thought I would, but the Outer Continental Shelf penalties, as I understand, you are proposing to remove the waiting period that is provided under that act so the Coast Guard can impose civil penalties without the operator of an offshore platform being able to rectify the deficiency. Has there been any consultation with the industry or with the Energy Committee in regard to that activity?

I think we have joint jurisdiction with the Energy Committee over these offshore platforms and drilling rigs, and that is the reason we gave concurrent jurisdiction to the Department of the Interior and to the Coast Guard for those violations. You propose now to take them totally for the Coast Guard. Has there been consultation with the industry and with the Energy Committee?

Admiral KIME. There has, Senator. There has been consultation with the industry; there has been consultation with the Minerals Management Service. I do not know what consultation we have had with the Energy Committee. I will have to get back to you with that answer.

[The information referred to follows:]

There has been consultation with the Minerals Management Service of the Department of the Interior, the offshore industry, and staff of the Merchant Marine Subcommittee of the Senate Commerce, Science, and Transportation Committee, but not with the Energy and Natural Resources Committee or its subcommittees.

The Coast Guard will contact the Energy and Natural Resources Subcommittee on Mineral Resources Development and Production and brief the staff.

A briefing for the Commerce, Science, and Transportation Committee staff was held August 16, 1993. The staff seemed in general agreement with the revision, but asked if we had discussed the revisions with industry. We subsequently contacted the National Ocean Industry Association, and the Offshore Operators Committee, and sent them copies of the proposed revision.

The Coast Guard will consider the comments of industry and also any comments from the Energy Subcommittee; and, if necessary, revise the proposed amendments to 43 U.S.C. 1350(b) civil penalty provisions for Outer Continental Shelf facilities.

Senator STEVENS. Well, let me just shorten it. Do you propose to do it in the legislation that is before us now?

Admiral KIME. Yes.

Senator STEVENS. Do you propose to change that with your annual reauthorization act?

Admiral KIME. Yes, sir. That is part of the package.

Senator STEVENS. Well, I think we ought to have some comments from the Energy Committee on that. I remember that go-round years ago, Mr. Chairman, and I hope that we can work out a joint position. I would hate to take a bill to the floor and suddenly find out the Energy Committee was upset about it.

Thank you very much.

The CHAIRMAN. Very good.

Admiral Kime, right to the point about the Reserve, you refer in your statement that the Coast Guard streamlining has to be just like the Department of Defense in order to realize the efficiencies

over time. But you say it is more important for the Coast Guard because your missions are increasing, unlike the Department of Defense. In fact with the Reserves, for example on Reserve training, you upped the request from \$64 to \$65 million in the training of the Reserves.

And then when asked about the cut from 8,000 down to 7,000, which would reduce the Reserve about one-third over the last few years, you say "Well, that was just on account of budget." You do not like the budget restrictions, and yet you say "I am very pleased with this budget." As I understand the message, you have to be an artist in order to testify in support of some of these things. Does your message translate to the effect that if we authorize maintenance of the Reserve at its present level, that we would only require \$4 million more in the authorization of appropriations? Is that right?

Admiral KIME. That is correct, Senator, so long as it was not a zero-sum game where we had to look for that \$4 million somewhere else which would require other cuts, of which there are very, very many across-the-broad spectrum of Coast Guard missions right now.

The CHAIRMAN. Well, we who support the military are having a difficult time maintaining DOD budgets. And one way we maintain that, particularly the understanding and public support, is through the Reserves and through the Guard; that is, the regular military.

When you have the National Guard armory, you have the meetings, the employer for that Guardsman lets him off for his training, the civic club supports him, and the community supports him. Now you come with these consummate cuts in the Coast Guard Reserve which I do not believe in. You will still have to depend on that citizen soldier being trained and ready, and politically, that is where we get our support in the Congress.

We are going to the commemoration of the Normandy invasion here in a month's time, and there are very few of us left that even fought in that war and the other wars following. Others just do not appreciate the need for defense as we do, and one way that we engender that appreciation and that support is through the Guard and Reserve. I hate to cut the Reserve another 1,000 when your missions are increasing.

You would not be disappointed if we did not go along with that cut.

Admiral KIME. Well, we would hope, as I said Senator, it would not be a zero-sum game.

The CHAIRMAN. With respect to funding the bridges now, this year we had \$13 million appropriated for altering the railroad and highway bridges that obstruct the free movement of marine traffic. The administration now proposes to transfer funding for the bridge program to the Federal Highway Administration. Are you sure that the Federal Highway Administration supports that transfer? Because, regarding the Highway Trust Fund, we have had almost a fistfight on the floor among the varied interests trying to get every dollar they can for every kind of demonstration project and every kind of program conceivable. Has that been checked through, as far as you know?

Admiral KIME. Yes it has, Senator. Secretary Peña is supportive of this; Mr. Slater, the Administrator of Federal Highways Administration, is supportive; and this is consistent with the language that came back from the appropriations conference for the fiscal year 1994 budget.

We have arrived at figures to include in the proposal to come forward for the next 3 years, fiscal year 1995, 1996, and 1997, to provide adequate funding to cover all of the bridges that are now being reviewed and are being modified as hazards to navigation.

The CHAIRMAN. We cut back, as you indicate here, on the boating safety grants to the States, and as a result of that barge accident down in Mobile, Congressman Studds and Congressman Tauzin both have bills in the House to beef up vessel safety. Do you support these bills? Why are we cutting back on boat safety which is needed and recognized in the Congress? How do you expect to increase the element of safety needed?

Admiral KIME. Well, I think we are looking at two parts of the maritime community, Senator. First, let me talk about the tow boat industry to begin with. Congressman Tauzin does have a bill, and Congressman Studds also. We have reviewed both bills. We support Congressman Tauzin's bill as drafted. We would like to increase the civil penalties involved for failing to report an accident, and we would also like a bit more flexibility in prescribing the type of equipment to have on board.

Mr. Studds includes these and goes further and talks more of bringing more vessels under inspection and more licensing of personnel. We feel that requires further study.

The Secretary, when he testified before Congressman Tauzin, indicated that he would like to see a bill passed by the anniversary date of the bridge collision, and that, we believe, can be done by taking the Tauzin bill, we would hope with the modifications that we have talked about, and then further, in the meantime, look into the additional proposals that Mr. Studds has made.

Now, Congressman Tauzin also in the House has passed a bill on recreational vessel safety, and we strongly support that bill also, the various provisions that it has.

As far as the cutback in the grants to the State boating programs, this again is something that we entered into extremely reluctantly. We feel the States have been outstanding partners. They have provided about \$4 for every \$1 contributed by the Federal Government. But at the same time, we have had significant progress in boating safety.

When we begin this program back in the 1960's—you mentioned that you have seen a great many commandants come and go—Admiral Hayes was then a commander who had headed up the study that instituted this program, and there we had about 20 deaths per every 100,000 boats. That is down to below four now, even though we have got more boats and greater horsepower. So, it has been a significant success.

The reason that we feel that this kind of action would have to be taken is because of the overall demands made by the Omnibus Budget Resolution of 1990 on the Coast Guard, and as it is distributed across the administration. If we were to take another \$35 mil-

lion out of the Coast Guard budget it would have a significant impact.

I took the liberty, in getting ready for the hearing, of seeing what else would have to be cut for \$35 million, and it would be 4 of our high-endurance cutters, 6 of our 270-foot cutters—either/or, not all—9 of our 210-foot cutters, 12 of those 50-year-old buoy tenders, all—in fact, double the number we have—of 140-foot icebreakers, 13 of our C-130's or all the remaining HU-25 Falcon jets, or 17 of our 42 HH-60 helicopters. So, the impact would be significant.

Senator, this is really, though, a scoring issue. And as I have testified before in previous hearings, it is a bit above my pay grade. Under the Omnibus Budget Resolution of 1990, a pay-go provision was established, and that says that in fact if any change is made in a law to create a mandatory appropriation then there must be an offset from the agencies. The Coast Guard would be in dire straits, as I mentioned in these examples I gave, if we had to find a \$35 million offset.

The money that is used for the State boating grants comes from a tax on fuel used by the boating industry. But the accounting by the Congressional Budget Office and OMB is different from the boating part that goes to the Coast Guard than it is for the Department of the Interior and function 300 that goes to the sport fishing account. The moneys there, which are in excess of \$200 million each year, are not scored against function 300, whereas the money given to the States through the Coast Guard is, in fact, scored against the Coast Guard.

We think that perhaps this was not looked at in 1990 or not realized, and we would hope that the Congress could perhaps go along with the intent of the Omnibus Budget Resolution of 1990, if not the letter. We understand legislation has been introduced in the Senate to fix this scoring problem, and certainly, that would enable, with no adverse impact on the deficit, to permit the money to go to the States to be used for recreational boating. Because as it is right now that same money is still going to go to the States but it will be used for sport fishing interests and cannot be used for boating safety initiatives.

So, if a mechanism can be devised between the Congress, OMB, and the Congressional Budget Office on the scoring issue, I think the outcome of this would be the most favorable to everybody.

The CHAIRMAN. Senator Gorton.

Senator GORTON. Admiral, on that subject, I assume you are referring to S. 2052.

Admiral KIME. Your bill, Senator. Yes.

Senator GORTON. And do I gather from what you say here that you have looked over that bill sufficiently so that you would be willing to support it as an amendment to the Authorization Act?

Admiral KIME. Yes, sir.

Senator GORTON. That this would not cost the Coast Guard anything? Your great frustration is that it is being charged against you now and you do not get to use the money.

Admiral KIME. And there is no money really being saved to the Federal Government.

We have looked at it, and we believe that would solve the problem. I think the ultimate decision would be in the Congressional

Budget Office and OMB as to how they score it. But if they score it as we believe the language of the bill indicates, that would solve the problem.

Senator GORTON. Admiral, first I want to say how forthcoming you have been to all of the requests that I have had and I think most of the rest of the members of the committee during your tour of duty as Commandant, and you can be congratulated for having done a highly successful job under difficult circumstances. I hope you find another career after this one that you find just as rewarding. It is going to be very difficult to match, but I do want to thank you for all the kindnesses that you have shown to this Senator and to other Senators.

I would like to ask you on the record about a subject that you and I have discussed on a number of occasions, and that has to do with the tug escorts in single-hull tankers in Puget Sound. The last time I spoke to you you said that the Coast Guard ought to have completed its work on the rule on that alone, having separated it out from a larger rule, by the end of last month, after which it would go to the Department of Transportation under the Office of Management and Budget. Can you tell me what the status is at the present time and what the prognosis is?

Admiral KIME. We have been able to meet that commitment, Senator. It now is under review by the Office of Secretary of Transportation and OMB. And as I indicated to you before, Secretary Peña is very much committed to expediting rules as a part of the National Performance Review recommendation. And we certainly do not expect a significant amount of delay in the Department, or even in OMB, in reaching a final rule, we hope by early summer. And this would provide for two tug escorts in Puget Sound and in Prince William Sound, and the tugs would have to meet certain performance requirements.

We will be pursuing the rest of the rule for vessels carrying hazardous materials in other locations, and we hope to get a notice of proposed rulemaking out on that sometime in the early fall.

Senator GORTON. Thank you. That is most satisfactory.

Now, another local question. During the course of the last 4 years the Coast Guard has been working to expand the scope of coverage and to upgrade the vessel traffic system in Puget Sound. Is there money in your budget this year for the Puget Sound VTS, and will the modernization be completed during the course of this year?

Admiral KIME. Yes, Senator. We do have funds. There are some funds remaining. We have a reprogramming request that is in, and we will have about \$800,000 in the fiscal year 1995 budget to complete this.

It is progressing well in Puget Sound. We would expect that the entire upgrade would be completed by the first of the year.

Senator GORTON. The first of 1995?

Admiral KIME. The first of 1995, Senator.

We have had a slippage in our software implementation in New York. It is the same software that we use in Puget Sound. We have now accepted that system and are in the process of parallel operation, training of our people, and we are now going to be moving our effort up to Puget Sound.

We think we have a sound system here—no pun intended. We have a fine system, and we think it is world class, state of the art, and with expanded coverage and with a better vessel traffic center that will enable us to provide better control of ships in a very critical waterway.

Senator GORTON. On another subject, the Coast Guard has proposed to consolidate all of its vessel documentation offices across the country. This has created some apprehension from commercial boaters on the quality of service. Can you explain the rationale and whether or not service will deteriorate?

Admiral KIME. Senator, we think service will improve, and at the same time we will save about 22 billets and several million dollars. With the help of the Congress, we have been able to modify the legislation involving documentation, which is grown like topsy for hundreds of years. It has been modernized now, and we have also changed our regulations. It makes it easier to get a document for a vessel. Personal appearances are not required, et cetera. In fact, most people do not come in in person. The process can be conducted by mail very expeditiously, and we think better.

Right now there are delays because owners will have information in more than one port, files have to be transmitted, it is just a long, laborious process.

We have gone down from the late 1960's/early 1970's from 60-plus documentation offices to the 14 we have now. We think in a central location we can provide better service.

We have a plan for a transition where people will be put into place, and the transfer of responsibility we believe would be smooth. The new people would be in place before they began to receive the work. I think with the computer network that we have now, and with the changes in the laws and regulations, this is in fact going to increase the service to the public.

I know there is some apprehension.

Senator GORTON. One office will be here in Washington, DC?

Admiral KIME. We have not decided where it would be, Senator. I think we would look at a place—this is information processing. It does not have to be in a major city, although it could be. We have got about 10 or 12 locations under review right now. I think the thing that will govern it is the cost-benefit analysis, where is the best place on a cost basis, and also, where do we have the quality of life for our people. And for that reason, we are looking at various places.

Senator GORTON. Let me ask one more, to go back to the Boating Safety Grant Program. As I understand it in your response to the chairman, you acknowledged and praised this as an extremely successful program over the course of the last several years, and one in which we are not simply giving money to the States which they do not match but in fact did I hear you say it is matched on a roughly 4-to-1 basis by the States themselves?

Admiral KIME. That is correct, Senator.

Senator GORTON. But the program itself is one which you find both important and successful.

Admiral KIME. Yes. I think we are just caught up in an accounting procedure, scoring procedure, that is, as I have testified before these past months on this issue, that is above my pay grade. We

have tried to resolve it and have not been able to, and I think the issues are all on the table now.

Senator GORTON. Well, thank you, Admiral, and thank you for your very distinguished service.

Admiral KIME. Thank you, sir.

The CHAIRMAN. Very good, Admiral. We appreciate hearing from you today, and also join in our thanks to you for your leadership of the Coast Guard over the past 4 years and wish you well. Thank you very much.

The committee will be in recess subject to call of the Chair.
[Whereupon, at 11:30 a.m., the hearing was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR BURNS

Thank you Mr. Chairman for holding this important hearing. As you know, one of the most significant missions of the Coast Guard is to manage our Nation's waterways to maintain the safe and orderly movement of vessels. To this end, I believe the Coast Guard's reputation alone suffices as an indicator of the excellence this branch of the Armed Services has achieved in their mission for maritime safety, and commend their record for safety.

To provide for this safe and orderly movement, the Coast Guard maintains the U.S. aids to navigation systems, including short-range aids such as lights, buoys, and fog signals. However, in Montana, the navigation lights on Fort Peck Lake were identified in a 1991 Coast Guard periodic review of navigation aids, as no longer meeting the Coast Guard criteria for ownership and were therefore disqualified for continued Coast Guard maintenance.

By disqualifying these lights for Coast Guard ownership, the safety of vessels on Fort Peck Lake has been jeopardized. However, at the time the 1991 study was conducted, and for several years previous, the water level on Fort Peck Lake had dropped dramatically, and the need for the navigation lights was greatly reduced. But, this year the water is close to full level and with this increase, the number of tourist, recreationalist, and commercial fisherman is expected to reach an all-time high.

Thousands of tourists have been recruited by the area Chamber of Commerce to Fort Peck Lake for summer recreation. These tourists are not expert navigators; and even those commercial outfitters familiar with the shoreline will not recognize landmarks at the new water levels.

Regardless of the hour or weather conditions, we need to assure that these groups will be able to find their way and return to port. It is imperative that these people are able to utilize the lake safely; and their safety cannot be assured unless the 12 navigation lights on Fort Peck Lake are fully operational.

The Administration's 1995 budget request for the Coast Guard is an increase of 2.3 percent over the fiscal year 1994 enacted levels. I would like to know if this increase will allow the Coast Guard to regain ownership of these lights to provide the level of safety that is essential for recreational and commercial use of Fort Peck Lake.

PREPARED STATEMENT OF COMMANDER WILLIAM E. LEGG, USNR (RET.), DIRECTOR, NAVAL AFFAIRS OF THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

It is my pleasure to address this committee concerning the Fiscal Year 1995 budget request for the United States Coast Guard.

The Reserve Officers Association has consistently supported adequate resource allocations for the United States Coast Guard. Providing the needed resources has been a distinct challenge to the Congress. However, each year some unique combination of Department of Transportation and Department of Defense funding has been made available to address most of the major funding requirements. This year we hope that the challenge to fully fund the Coast Guard from within Transportation appropriations will be met.

COAST GUARD BUDGET REQUEST

The President's Budget Request for Fiscal Year 1995 includes \$3.810 billion for the Coast Guard, almost the exact same amount that was requested for Fiscal Year 1994. Unfortunately, some will consider the \$147 million increase in the request over what was ultimately funded last year as real growth. This net "increase" is needed to fund the modest proposed pay raise, account for anticipated inflation, and

to come a little closer to the funding level needed on an annual basis to modernize and replace Coast Guard infrastructure.

It is important that Congress recognize the fact that the Acquisition, Construction, and Improvements (AC&I) level funded in recent years, particularly since 1990, is not sufficient to permit the Coast Guard to recapitalize its more than \$18 billion infrastructure. Continued underfunding of this appropriation has created a bow-wave of requirements that has already required postponement of procurement programs to the degree that some of the Coast Guard's buoy tenders are more than 50 years old.

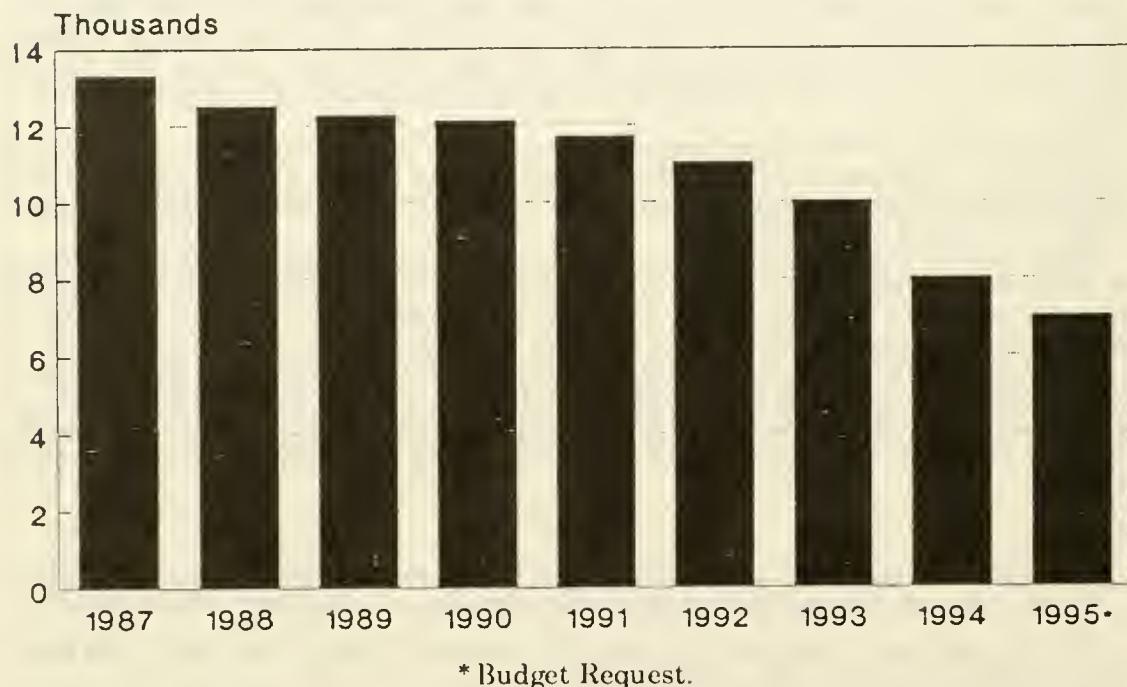
There are numerous other examples of the negative impact of serious fiscal constraints on a service that has had expanding requirements. Certainly the planned reduction of more than 1,000 active-duty military personnel is one. The Coast Guard has shown great professionalism and flexibility in doing more with less. Congress must ensure that the Coast Guard is not stretched to the breaking point by continuous underfunding.

Therefore, the Reserve Officers Association strongly recommends that the Congress give full and positive consideration to the overall Coast Guard budget request for Fiscal Year 1995.

SELECTED RESERVE STRENGTH

There is at least one area, however, where Congress should not endorse the budget request—the Coast Guard Reserve. This component once again faces an unjustified reduction, the eighth consecutive year for such action.

COAST GUARD SELECTED RESERVE—(FUNDED END STRENGTH)



* Budget Request.

FISCAL YEAR 1994 ACTION

Last year, our message to Congress was to reject the proposal to cut the Coast Guard to an all-time low of 8,000 Selected Reserve personnel and to direct that a comprehensive study of requirements be completed and reviewed by the cognizant committees before any further personnel reductions were made.

The Department of Defense Authorization Act for Fiscal Year 1994 did authorize an end strength of 10,000 Coast Guard Selected Reservists. Unfortunately, the funding provided in the Transportation Appropriations Act for the Reserve Training (RT) appropriation did not include any of the additional funds needed to support the restoration of personnel. The result was authorization for 10,000 but only enough funding to provide pay and allowances needed for 8,000 Selected Reservists. In addition, none of the cognizant committees directed the initiation of the study that is needed to determine the real requirements for Coast Guard Reserve personnel.

RESERVE TRANSITION BENEFITS

ROA also informed the Congress of a major inequity facing Coast Guard Reservists. The Reserve Transition Benefits program enacted by the Congress the prior year did not cover the Coast Guard Reserve since the existing authorizing legislation was exclusively for Department of Defense Reserve personnel.

Congress resolved this situation by amending Reserve Transition Benefits legislation to provide the same authority to the Secretary of Transportation that is provided to the Secretary of Defense. This action helped soften the blow for many of the dedicated Coast Guard Reservists who have been separated as a direct result of these unplanned force reductions.

Coast Guard Reservists who are being separated from the Selected Reserve prior to the completion of a normal career because of the dramatic reduction in the size of the Selected Reserve now have the same option for early (15 years of service) retirement (with retired pay starting at age 60) and other benefits as their Department of Defense counterparts.

However, since the law requires that funding for Separation Pay (aimed at those with more than six but less than 15 years of service) and Special Separation Pay (for those with more than 20 years of service) must be paid from annual Reserve pay appropriations, very few Coast Guard Reservists with less than 15 years of service were separated and none of those released from the Selected Reserve with more than 20 years of service received the Special Separation Pay that those in similar status in Department of Defense reserve components are receiving. The fact that no funds were made available for these transition benefits did little to improve a serious morale problem.

FISCAL YEAR 1995 PROPOSAL

The proposal to further reduce the Coast Guard Selected Reserve to only 7,000 personnel at the end of Fiscal Year 1995 makes even less sense than the reduction proposed last year. If this recommendation is approved by the Congress, we will once again establish an all-time low in the number of Selected Reserve personnel without a credible basis for such action.

Approving this reduction will not only adversely affect the careers of an additional 1,000 dedicated Reservists, it will result in the loss of considerable capability to the Coast Guard.

The funding request for the Reserve Training (RT) appropriation for Fiscal Year 1995 is \$65 million, an increase of one million dollars over the amount requested and appropriated last year to support 8,000 Selected Reserve personnel. This net increase is primarily the result of the fact that the Fiscal Year 1994 request did not include any funding for either the Reserve Transition Benefits program or the military pay raise that was approved by Congress and that this year's request covers both these items plus a substantial offset for the requested reduction in personnel. A total of approximately \$69 million will be required in the RT appropriation to maintain 8,000 Coast Guard Selected Reservists during Fiscal Year 1995.

ROA WHITE PAPER

The Reserve Officers Association has prepared a white paper, "The United States Coast Guard Reserve, A Value-Added National Security Resource" which puts the recent reductions in the Coast Guard Reserve in historical prospective and provides rationale for increased use of Reservists to assist the Coast Guard in the performance of its day-to-day operations.

The conclusions of this paper are as follows:

- The Coast Guard Reserve is a cost-effective personnel resource that also makes the Coast Guard more flexible.
- A credible study of Coast Guard selected Reserve requirements has not been completed since the end of the Cold War.
- Even without such a study, Coast Guard Reserve personnel strength has been cut each of the last 7 years and is budgeted for a further reduction in Fiscal Year 1995.
- Premature Reserve personnel separations will cause unnecessary recruiting, training, and transition costs if it is determined at a later date that these personnel are actually needed.
- Congress should authorize and fund a minimum of 8,000 Coast Guard Selected Reservists for Fiscal Year 1995—the same level funded for Fiscal Year 1994; and
- Congress should also direct that a comprehensive study of requirements be completed prior to any further reductions in the Coast Guard Reserve.

ROA has sent a copy of this paper to every member of Congress because we recognize that this unwarranted reduction in the Coast Guard Selected Reserve must not continue. We also know that extraordinary action by the Congress will be necessary to staunch the flow of dedicated professionals from the Coast Guard Reserv^a.

We are also aware of the key role members of this committee play in this process. The addition of \$4 million to the Reserve Training appropriation is essential to maintain even a modest 8,000 personnel in the Coast Guard selected Reserve. The Commandant of the Coast Guard, Admiral Kime, has consistently testified before Congress this year that the Coast Guard needs at least 8,000 Selected Reserve personnel and the reduction in the Fiscal Year 1995 budget request is solely the result of fiscal constraints.

SUMMARY

In summary, ROA recommends that:

- The overall Coast Guard budget request receive favorable consideration by Congress,
- Coast Guard selected Reserve end strength be authorized at the level funded in Fiscal Year 1994 (8,000) and that \$69 million be provided in the Reserve Training appropriation to support this personnel level, and
- The Coast Guard be directed to complete and submit to the cognizant congressional committees a study of selected Reserve requirements that includes expanded use of Reservists in support of normal Coast Guard missions as well as to meet mobilization requirements, both for military and domestic disaster situations.

Thank you for this opportunity to present the positions of the Reserve Officers Association to this committee. I would be pleased to respond to any questions you may have at this time.

PREPARED STATEMENT OF SGT. MAJOR MICHAEL F. OUELLETTE, USA (RET.), DIRECTOR—LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

Mr. Chairman. The Non Commissioned Officers Association of the USA (NCOA) is grateful for the opportunity to present testimony to this Committee concerning the FY 1995 U.S. Coast Guard Authorizations and offer the Association's concerns and recommendations to this subcommittee on behalf of the men and women of the United States Coast Guard and their families. NCOA is a federally-chartered organization representing 160,000 active-duty and veteran noncommissioned and petty officers serving in every component of the Armed Forces of the United States; Army, Marine Corps, Navy, Air Force and Coast Guard.

As in past years, NCOA congratulates the uniformed members of the Coast Guard on their successful accomplishment of their many mission responsibilities in 1993 and thus far in 1994. The Coast Guard continues to perform above every expectation in their daily battles involving Drug Interdiction, Search and Rescue, Marine environmental Protection, Law and Treaty Enforcement, Ice Operations, Navigational Aids, Marine Safety and Defense Readiness. NCOA is convinced that Congress recognizes the all-important role of the Coast Guard and the Association intends to offer a number of recommendations in the areas of pay and compensation, personnel, health care, commissary availability and transition benefits intended to improve or maintain the financial well-being and quality-of-life of active duty Coast Guard members and the U.S. Coast Guard Reserve. It is hoped that these few words of recognition and support, coupled with NCOA's traditional advocacy for quality-of-life improvements will serve as a salute to the U.S. Coast Guard's dedicated commitment to the American people and the Nation.

PERSONAL SALUTE

NCOA would like to take this opportunity to express its appreciation to Admiral J. William Kime, Commandant of the Coast Guard, and Master Chief Petty Officer Jay Lloyd, both who will retire this year, for their outstanding efforts on behalf of Coast Guard personnel and their unwavering support of this Association's goals and objectives. The Association will greatly miss these two valued friends and looks forward to a solid and strong working relationship with Admiral Robert Kramek and Master Chief Petty Officer Eric Trent. All of these leaders have continually identified PEOPLE as the basic theme to the Coast Guard's Strategic Agenda.

NCOA POSITION

In the same light, NCOA has consistently identified people programs as being of utmost importance to the continued high-level performance and morale of Coast Guard personnel. On the other hand, in 1993 the Administration and some Members of Congress attempted to forsake active duty and military retirees in favor of deficit reduction initiatives. NCOA's testimony today will specifically identify and counter the many "threats" that surfaced in 1993 and thus far in 1994 and offer a number of recommendations this subcommittee should consider as being in the best interests of readiness and the Coast Guard's ability to retain quality people. In Fiscal Year 1995 the current and former members of the Coast Guard will continue to be faced with the threat of a minimum pay raise, inequitable retiree Cost-of-Living Adjustment (COLA) delays, medical care difficulties, possible loss of commissary benefits, impact of base closures and manpower reductions.

NCOA fully understands it need not convince the Committee that the men and women of the Coast Guard perform some of the most arduous duties in the armed forces. They face daily life and death situations with degrees of heroism that the majority of Americans simply expect and take for granted. For whatever reason Coast Guard personnel choose to serve, NCOA is quick to point-out that these men and women should expect nothing short of fair and equitable compensation for their efforts. They should also be able to serve with confidence knowing the Congress will ensure that decisions are made that are in their best interests and that their families will be provided protection against the loss of quality-of-life alternatives. Failure to live-up to those responsibilities will most certainly degrade recruitment and retention capabilities. Simply put, if the Administration and the Congress want a U.S. Coast Guard to perform the wide range of missions and responsibilities assigned to that service there must then be a commitment to take care of the PEOPLE who comprise that service.

CONCERNS AND RECOMMENDATIONS

The purpose of this statement is to identify a number of personnel and compensation, Coast Guard retiree, medical care and non-pay benefit issues for the information of the members of the Committee and to offer some recommendations that will hopefully be considered during the FY 1995 Coast Guard authorizations process. Incidentally, NCOA's recommendations are based on discussions with the senior petty officer leadership, the enlisted men and women of the Coast Guard and their family members. They look to NCOA to speak on their behalf before this Committee.

- *Proposed FY 1995 Active Duty Pay Raise:* NCOA is disappointed by the Administration's proposal to offer Coast Guard members a 1.6 percent pay increase in FY 1995. NCOA and the members of the Coast Guard are very appreciative of the efforts of the Congress, including the members of this Committee, to approve a 2.2 percent pay raise in FY 1994 in lieu of the pay freeze suggested by the Administration. However, the 1.6 percent pay raise being offered for FY 1995 is not sufficient to meet the needs of Coast Guard members to survive in the high-cost areas associated with Coast Guard service. Currently active-duty pay levels are estimated to be 12.3 percent below those in the civilian sector. The Administration's plan to fund active-duty pay at the Employment Cost Index (ECI) minus one and a half over the next five years will increase the comparability gap to an estimated 20.3 percent by 1999. NCOA recommends that the Committee consider funding a full ECI pay increase of 3.2 percent in FY 1995.

- *Coast Guard Retiree COLAs:* After battling a significant number of serious COLA reduction threats in 1993, NCOA was pleased that Congress finally approved a COLA increase for Coast Guard retirees during each of the next five years. However, NCOA is disappointed with Congress' decision to implement a monthly delay schedule concurrent with the increase and is appalled that the delay schedule provides for an inequitable 39-month delay in comparison to a 9-month delay for federal civilian employees. NCOA recommends that this Committee take necessary action to eliminate this inequity and return both groups to a consistent COLA payment schedule.

NCOA is also opposed to any legislative action intended to defer COLAs following retirement for new Coast Guard members until they reach age 62. The Association believes such a decision will place financial hardships on retirees, severely dilute the value of the Survivor Benefit Plan (SBP) and have a drastic impact on readiness by hampering the Coast Guard's abilities to retain quality people. NCOA urges this Committee to turn-back all attempts to alter the current Coast Guard retirement system.

- *Health Care Reform Efforts:* NCOA is pleased to report to the Committee that a number of the Association's long-time concerns with the costs and availability of

medical care for the family members of Coast Guard personnel have been addressed in the Military Health Care System portion of the President's Nation Health Care Reform Plan. For many years NCOA has advocated the 100 percent payment of CHAMPUS deductibles and costs incurred by Coast Guard family members serving in isolated areas. The defense department's Tri-Care Plan appears to meet the intent of NCOA's past recommendations by covering Coast Guard family members by paying 100 percent of the deductible and monthly premium associated with the HMO or PPO options. Consequently, NCOA requests the members of this Committee continue to consider the particular medical care needs of the families of those Coast Guard members who are required to serve in isolated areas with no opportunity to utilize Medical Treatment Facilities (MTFs) as health care reform legislation is debated by Congress. Every effort must be made to include criteria that exempts Coast Guard family members from health costs necessitated by assignment to an area where there is no opportunity to utilize no-cost MTFs.

- *Retention of the Commissary Benefit for USCG Members and Retirees:* NCOA supports the retention of commissary availability as both an active-duty benefit and an important benefit of Coast Guard retirement. In this regard, the Association will continue to be opposed to:

- Any action to close states lie commissaries.
- Any action to increase retiree surcharges in commissaries.
- Any action preventing retiree access to Defense Department or Coast Guard operated commissaries.
- Any changes in store operating hours that are not in the best interests of eligible patrons.
- Any reduction in the government subsidy for commissary operations without expansion of the patronage base.

NCOA fully supports both the continued operation and the unlimited use of commissaries by the USCG Reserve and other Coast Guard veterans with varying percentages of disability.

- *CONUS COLA:* NCOA has consistently recommended to this Committee that USCG personnel and their families are in critical need of additional funds to offset the high cost-of-living expenses existing in areas where Coast Guard members are assigned. Congress has recognized the needs of federal employees residing in expensive areas when they approved Locality Pay for federal civilian workers. NCOA therefore recommends this Committee consider funding a CONUS COLA for Coast Guard personnel stationed in high cost tourist areas such as Nantucket Island or Martha's Vineyard to ease financial hardships being forced on them as a result of their service. The Coast Guard is the only military service that routinely assigns lower grade enlisted members to isolated duty stations without the support of a military installation or access to exchanges and MWR facilities. The CONUS COLA is not a luxury but a necessity!

- *Effects of Base Closures on USCG Retirees:* Many Coast Guard retirees made a decision at the time of or subsequent to their retirement to settle in an area near a military installation where they could take advantage of their "promised" retirement benefits, such as access to medical facilities, exchanges and commissaries. Base closure actions have left many Coast Guard retirees and their families without any medical support. Many report they are unable to obtain supplemental insurance protection due to pre-existing medical conditions. NCOA knows that the seriousness of the situation has been noted by Congress and some alternative programs have already been set in place. NCOA hopes this Committee will continue to ensure that Coast Guard retirees are not forgotten when implementing a series of BRAC alternatives. Coordination with those subcommittees and committees making decisions impacting on the DoD military services is imperative.

IMPACT OF FORCE REDUCTIONS

Now that force reduction initiatives have been expanded to the active-duty and reserve elements of the U.S. Coast Guard, NCOA finds it necessary to bring a number of program inequities to the attention of this Committee. Over the past few years when force reductions were being applied to the other services, U.S. Coast Guard manpower authorizations were on the rise. Therefore, the congressional committees having jurisdiction over the DoD controlled services implemented many programs to ease the transition and readjustment of the members affected by the drawdown. Unfortunately they did not include all the services and today Coast Guard members are facing separation without the protections afforded to the other services. Some of the key programs codified in law that omit Coast Guard member eligibility are:

- Retention on Active Duty of Enlisted Members within 2-Years of Retirement Eligibility: The FY 1993 Defense Authorization Bill (PL 102-484) contained provisions that provided an 18-year "safety net" to enlisted personnel equal to the provisions in law pertaining to officer personnel. Unfortunately this law does not provide equal protection to the enlisted members of the Coast Guard. This inequitable situation must be addressed and changed since force reductions are now being expanded to the Coast Guard.

- The Coast Guard is not currently authorized to offer its members or Reservists a Voluntary Separation Incentive (VSI) or Special Separation Benefit (SSB), commonly referred to as a lump sum bonus.

- The Coast Guard has no authority to offer its members a 15-year retirement.

NCOA offers this information in order to emphasize the point that there appears to be a lack of coordination between those congressional committees having jurisdiction over the Army, Marine Corps, Navy and Air Force and those committees having jurisdiction over the Coast Guard in personnel and compensation matters. NCOA suggests that even though there was no indication that the Coast Guard would be required to participate in active-duty force reduction, there would have been no harm done if these programs had been authorized but left unfunded. The Coast Guard always seems to be the "odd-man-out" or "a day late and a dollar short." Good, solid coordination efforts aimed at maintaining equity in all matters pertaining to the U.S. Armed Forces would most assuredly negate the need for Congress to work catch-up legislation every year. In turn, NCOA will make every effort to remind all committees concerned that members of the U.S. Coast Guard are entitled to equal protection in law.

CONCLUSION

NCOA is concerned and very disappointed that efforts to trim the national deficit appear to be primarily directed at the members of the armed forces and military retirees. It is obvious that the Administration and some Members of Congress have either lost or never had any enthusiasm to meet the responsibilities associated with maintaining armed forces. Yet the U.S. Coast Guard has become a necessary part of the American way of life. Coast Guard enlisted men and women continue to perform an enormous number of life threatening missions and special assignments every day, yet there appears to be no compassion for the difficulties and hardships they must endure. NCOA suggests that if this Congress and the government believe it necessary to maintain a Coast Guard then their responsibilities to care for the people and families that make up that force are mandated. There can be no other alternative. This Nation simply cannot have it both ways and NCOA recommends the actions of this Committee leave no doubt that the Congress meets its obligations to those who serve faithfully and valiantly in the United States Coast Guard. Where else can they turn?

Thank You.

PREPARED STATEMENT OF SCOTT G. GALING, PROGRAM MANAGER, MARINE INDEX BUREAU FOUNDATION, INC.

Mr. Chairman, the Marine Index Bureau Foundation, Inc. requests that you consider our thoughts on The Recreational Boating Safety Improvement Act of 1994. Our recommendations focus on developing better data on boating accidents from alternative sources in addition to those presently used.

The Marine Index Bureau Foundation applauds the work of this committee on their attention to improving boating safety. We also commend Congressman Tauzin and Congressman Fields of the Merchant Marine and Fisheries Committee on introducing this legislation and their commitment to improved boating on our nation's waterways.

Section 4 of H.R. 3786, The Recreational Boating Safety Improvement Act of 1994, addresses marine casualty reporting. This section requires the Coast Guard to submit a plan to Congress to increase reporting of vessel accidents to appropriate state law enforcement officials. In addition, this section establishes a \$1000 civil penalty on boaters that fail to submit a marine casualty report to State authorities.

The lack of reliable information on boating accidents is a problem in evaluating the need for changes to the current boating safety regulations and laws. A deficiency of accurate data, led to this provision of the Act.

The plan required by this section is expected to develop a method to ensure that accident information received by Federal, state and local boating officials is complete and accurate.

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As the leading source of recreational boating accident information, Marine Index Bureau Foundation believes it is vital that the Congress and Senate Committees change the wording of the bill to allow the Department of Transportation to evaluate other "accident systems" for the purpose of improving existing recreational boating accident data.

We suggest your Committee consider adding language to the Bill (Section 4—Marine Casualty Reporting) which calls for developing demonstration projects for the express purpose of improving reporting of accidents to the states and the United States Coast Guard.

One such accident system which is already established is the Coast Guard sponsored Recreational Boating Accident Register, R-BAR. This system, in conjunction with the reports received by state boating law administrators could greatly enhance current data on boating accidents.

R-BAR is an accident data system that collects insurance-based recreational boating claims from major insurers across the country. This system has proven the capability of the Foundation to work as an independent third party with the insurance industry, the United States Coast Guard, state boating law administrators, and various associations interested in obtaining better accident data.

R-BAR's development started back in 1990. In 1993, the Foundation presented to the Cost Guard the first true statistical report on recreational boating accidents.

It is these types of accident systems that must be reviewed in addition to the collection of accident reports by the States, if the true purpose is to increase accident reporting.

In summary, the Marine Index Bureau Foundation respectfully recommends the following provisions be added to section 4 (marine casualty reporting) of the Recreational Boating Safety Improvement Act:

In section 4-A:

1. In conjunction with the plan to increase reporting of vessel accidents to appropriate State law enforcement officials, the Secretary of Transportation shall evaluate existing accident systems that collect recreational boating accident information for the primary purpose of improving boating safety.

2. Beginning with FY 1994, The Secretary of Transportation shall develop a program for the purpose of utilizing and sustaining systems that collect accident data. The primary goals of this program will have available useful data for the purpose of improving boating safety and evaluating and implementation proposed regulations, legislation and other initiatives.

LETTER FROM PHIL KEEETER , PRESIDENT, AND LARRY INNIS, WASHINGTON
REPRESENTATIVE, MARINE RETAILERS ASSOCIATION OF AMERICA

MAY 11, 1994.

The Honorable FRITZ HOLLINGS,
U.S. Senate,
Washington, DC 20510

DEAR MR. CHAIRMAN: We are writing to ask that these comments be placed in the official hearing record of your Committee's hearing on the Coast Guard Authorization Bill. We understand a hearing specific to the Coast Guard was held on Tuesday, May 3, 1994.

MRAA is the national trade association of 3,500 small businesses which sell and service new and used recreational boats and operate marinas and marine accessory stores. Our members generate more than six billion dollars in annual retail sales and have more than 30,000 employees.

THE BOAT SAFETY ACCOUNT

The members of the Marine Retailers Association of America are very supportive of the hard work and dedication of the men and women of the U.S. Coast Guard. However, we are shocked and very concerned that one of the most successful Federal government programs (The Boat Safety Account of the Aquatic Resources trust Fund) has been eliminated from the President's FY 1995 Budget Proposal.

We ask for your assistance in restoring the funds in FY 1995 and in securing a permanent solution to the Coast Guard scoring problems associated with the Boat Safety Account.

Several years ago, the Coast Guard began a move away from direct involvement in recreational boating safety by providing federal matching funds for state governments to assume this important role. State governments became more responsible for boating safety activities of law enforcement and education.

The states were able to assume these expanded responsibilities with Federal dollars provided from a Federally administered grant program from the Boat Safety Account. The Boat Safety Account has been a very successful and popular Federal-state partnership for the past ten years. The safety of the 75 million Americans who enjoy water-related activities can be attributed to many of the safety programs paid for from the Boat Safety Account.

These 75 million Americans are a very large constituency that look to State law enforcement departments and the Coast Guard to provide reasonable assurance that their weekend boating activities will be safe.

With the short-sighted elimination of the program, serious questions must be addressed or more Americans will die needlessly on the water. All the hard work, successes, and dedication of the safety professionals and hundreds of thousands of volunteers, such as the members of the Coast Guard Auxiliary and the U.S. Power Squadrons, will have been in vain.

When congress addressed the need for a coordinated federal/state boating safety program with the Boat safety Act of 1971, there were 20.2 fatalities per 100,000 boats on our nation's waterways or 1582 total deaths. By 1992, the success of the partnership in boating safety is evident with the fatality rate being reduced to 4.0 deaths per 100,000 boats and the total number of actual deaths to 816. This fantastic success story occurred at the same time the number of recreational boats increased by 400 percent.

But, now with the elimination of the program, we have a real fear that safety is not a concern of the Administration, and both the fatality rate and the number of deaths on the water will skyrocket.

The elimination of the Boating Safety Account from the President's Budget Proposal is particularly frustrating to us; because since 1979, funds for this program have been provided from the transfer of monies collected from a Federal excise tax on motorboat gasoline usage and not from the general treasury. It is a truly user pays-user benefits program.

But, with the elimination of the program funded by this special user fee/tax, no mention is ever given to its repeal!

The boating public deserves to have these Congressionally dedicated funds returned to them in boating safety programs. State governments, who have become dependent on these funds to execute their expanding role and mission in boating safety, deserve to get these funds.

We have long recognized the vision of congress for its farsighted approach to safety when the Boat Safety Account was established. We again ask for your support of safety by redirecting these needed funds to the boating public through the state boating safety grant program.

H.R. 3786, TAUZIN/FIELDS BOATING SAFETY BILL

MRAA supports H.R. 3786 and asks that you include the bill in the Coast Guard Authorization Bill.

MRAA testified on October 6, 1993 before the Coast Guard Subcommittee that our organization supports the intent of children wearing life jackets or PFDs (personal flotation devices). In fact, we believe children should wear life jackets at all time while on a boat, when the boat is at anchor, when it is tied to a pier or moving through the water, and when children are walking on a pier.

We continue to oppose, however, a Federally mandated threshold of requiring all children 12 and under to wear life jackets.

As we testified, MRAA supports a Federal law of 6 years and under with states then being given the choice of developing more stringent laws as local conditions warrant or following the Federal government's lead of 6 or under. We see this issue as a state's rights issue to some degree.

We ask that you amend the House passed bill, H.R. 3786, to require all children 6 years old and under to wear life jackets.

Another related issue to life jackets are life harnesses. Life harnesses are being used by many operators and crew of sailboats in the place of life jackets. A life harness straps around a person chest, has a tether of 6 to 8 feet in length, and secures the person to the boat. It is a preferred safety device on many sailboats because it will keep a person attached to a boat and prevents a fall overboard.

We ask that H.R. 3786 be amended to include the usage of a life harness. We ask that line 16 on page 2 of the bill be amended to read "tation device, or life harness, if tethered to the boat, when the individual is on an open deck."

This proposal was recently passed by the California State House.

Again, we greatly appreciate this opportunity to submit written comments for the record of your hearing on the Coast Guard Authorization bill and ask that you consider our recommendations. Thanks.

Sincerely,

PHIL KEETER,

President.

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